

WPP

Trading Statement for the
First Quarter 2003

April 2003

First Quarter 2003

Summary

- Reported revenue growth down almost 4%. On a constant currency basis, revenues up by over 1% reflecting the strength of sterling against the US \$ partly offset by the weakness of sterling against the Euro.
- Like-for-like growth flat.
- Strong growth functionally in Information, Insight and Consultancy with Advertising and Media Investment Management also improving.
- A small number of strategic acquisitions completed during the quarter.

First Quarter 2003

Revenue by Discipline

	Revenue		% Change	% Change, constant currency
	2003 £m	2002 £m		
Advertising, Media Investment Management	414.7	426.5	-2.8	3.1
Information, Insight and Consultancy ¹	161.0	159.3	1.1	4.6
Public Relations & Public Affairs	103.2	114.0	-9.5	-3.0
Branding & Identity, Healthcare and Specialist Communications ¹	229.6	246.0	-6.7	-1.7
Total	908.5	945.8	-3.9	1.4

¹ 2002 comparatives restated to reflect the transfer of the Group's strategic marketing consultancies from Branding & Identity, Healthcare and Specialist Communications to Information, Insight and Consultancy.

First Quarter 2003

Advertising, Media Investment Management

- Media Investment Management relatively stronger growth than Advertising following strong new business wins in latter part of 2002.
- North America and the UK showed above average growth with Continental Europe and Latin America below the average.
- Acquisitions completed in the UK, China, Germany, Italy, South Korea and Switzerland.

First Quarter 2003

Information, Insight and Consultancy

- Strong revenue growth from Millward Brown, Kantar Media Research, KIMRB and Ziment.
- Above average growth in Asia Pacific, Continental Europe and the UK.
- Small acquisition completed in Portugal.

First Quarter 2003

Public Relations & Public Affairs

- Impact of slowdown continues to affect Public Relations & Public Affairs spending (although less so), with the UK most affected but strong growth in Latin America. The US was less affected in the first quarter than last year.

First Quarter 2003

Branding & Identity, Healthcare and Specialist Communications

- Above average growth in the Group's healthcare agencies, CommonHealth and Sudler & Hennessey. Wunderman and some of the Specialist Communications companies also performed well.
- Geographically, strongest growth in the US.

First Quarter 2003

Revenue by Region

	Revenue		% Change	% Change, constant currency
	2003 £m	2002 £m		
North America	401.2	443.4	-9.5	1.4
UK	147.5	152.9	-3.5	-3.5
Continental Europe	228.8	204.8	11.7	3.5
Asia Pacific, Latin America, Africa & Middle East	131.0	144.7	-9.5	3.6
Total	908.5	945.8	-3.9	1.4

First Quarter 2003

Growth by region

- Stronger growth in the US, Continental Europe and Asia Pacific, Latin America, Africa & the Middle East with the US showing revenue growth for the second consecutive quarter.

First Quarter 2003

Revenue Growth by Country

Revenue Growth*	Countries
15%+	India
10-15%	Japan, Mexico
5-10%	Germany, Spain
0-5%	China, France, Italy, Taiwan, USA
<0%	Australia, Belgium, Brazil, Canada, Hong Kong, Netherlands, Singapore, Sweden, Switzerland, UK

*Constant currency basis

First Quarter 2003

Revenue Growth by Category

Revenue Growth*	Categories
15%+	Computer
10-15%	Electrical, Financial Services, Personal Care & Drugs
5-10%	Food
< 5%	Automotive, Drinks, Oil, Retail, Telecommunications

*Constant currency basis

First Quarter 2003

Impact of currency

- Impact of the strength of sterling against the US dollar partly offset by the weakness of sterling against the Euro has reduced reported revenue growth by over 5%.

First Quarter 2003

Major New Business Wins/Losses

	Agency	Account	Office	Billings (\$m)
	Berlin Cameron/Red Cell	Coca-Cola Classic	USA	250
	Ogilvy	Cisco	Worldwide	150
	Y&R Group	Chevron Texaco	USA	95
	Y&R Advertising	Ford Lincoln	USA	60
WINS	Mediaedge:cia	Novell	Worldwide	50
	Ogilvy	Chemistry Council	USA	50
	JWT	Vodafone	UK	38
	JWT	Golden Wonder	UK	38
	JWT	McLeod	USA	35
	Y&R Advertising	Carlsberg	Worldwide	30

(All billings figures are based on trade press estimates, where available)

First Quarter 2003

Major New Business Wins/Losses

	Agency	Account	Office	Billings (\$m)
	JWT	Pepsi China	China	45
LOSSES	Ogilvy	DHL	Germany	30
	Y&R Advertising	Aeromexico	Mexico	30

(All billings figures are based on trade press estimates, where available)

First Quarter 2003

Uses of Cashflow

- Net debt at 31 March 2003 was £1,335 million, compared to £1,505 million at 31 March 2002.
- Average net debt in the first quarter was £1,252 million compared to £1,227 million in 2002, at 2003 exchange rates.
- Free cash flow in the last 12 months was £442 million. In the same period expenditure on capital, acquisitions and share repurchases and cancellations was £489 million.
- 5.6m shares purchased in the first quarter at a total cost of £20.2m, all of which were cancelled.

First Quarter 2003

Acquisitions

Advertising and Media Investment Management

LG Ad (South Korea)
Media Club (Italy)
Guye Benker (Switzerland)
HHCL (UK)
Shanghai Advertising (China)
Concept Media (Germany)

Information, Insight and Consultancy

Marktest (Portugal)

WPP

Trading Statement for the
First Quarter 2003

April 2003